



Foreign Agricultural Service

GAIN Report

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Romania

Grain and Feed

Grain December Update

2002

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Report Highlights:

After a long dry spell in 2002, fall weather conditions favored planting and emergency of winter grains in Romania, raising prospects for a good MY03 wheat and barley crop. Prices for milling wheat went up due to short supplies and GOR may consider temporary suspension of import duties. Generally, wheat stocks available in the region are short and quality is poor.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Sofia [BU1], RO

Winter Grain Planting

Favorable weather conditions (both soil moisture and temperatures) in most of Romania's cereal growing regions – the Danube Plain, Dobrogea, Moldova, Banat - in the fall of 2002 helped planting of wheat and barley and contributed further to plant emergency and tillering. Two thirds of the total wheat area of 2.1 million HA were planted before the end of October, which gives good prospects for next year's harvest. Area under feed barley shrunk to 242,000 HA, 25 percent less than a year earlier. Some malting barley is forecast to be sown in spring. This is the outcome of GOR's policy to help development of higher value crops, which correspondingly diminished area under cereals, despite higher farmgate prices for wheat (currently raging between \$105-120/MT) compared to their levels in recent years. Nevertheless, certified seeds were used more extensively than in other seasons, partly due to the input subsidization program covering 35-50 percent of the selling price for seeds.

2002 Grain Production – Final Estimates

As Post reported in September's #RO2013, Romania's total wheat production was 4.3 MMT, derived from a harvested area of 2.2 million HA and an average yield of 1.95 MT/HA, with large disparities in terms of yield and quality throughout various regions. Under such circumstances, prices for the scarce local wheat meeting milling standards went up to \$120/MT in December. The FOB price in Constanza port reached \$115/MT, but this a purely theoretical quotation, since in practice there is no wheat traded on the Black Sea, with all the countries in the region (Ukraine, Bulgaria, Russia, Romania) offering an equally poor quality. Though industry representatives' expectations to buy 500,000-700,000 MT of milling wheat on the world market during the current marketing year, up to November Romania imported only 60,000 MT.

The Ministry of Agriculture is currently considering to temporary suspend customs duties for common wheat (HS 1001 90).

Barley from the MY02 crop was below local standards as well, with a total output hardly exceeding 650,000 MT. This resulted in an increased demand for corn and feed wheat by the livestock industry. Farmgate prices almost reached \$90/MT in December, compared to \$70-75 in the beginning of the local marketing year (July-June).

2003 Government Support Policy

In addition to subsidizing the selling price for certified seeds, GOR intends to continue its direct payment schemes (fixed amounts per metric ton) for most agricultural products. GOR also budgeted about \$5.7 million in export subsidies.

PSD			(1000 HA) (1000 MT)
Country	Romania		
Commodity	Wheat		
	Revised	Preliminary	Forecast
Market Year Begin	07/2001	07/2002	07/2003
Area Harvested	2552	2199	2000
Beginning Stocks	767	1457	900
Production	6700	4300	6000
Total Market Year Imports	40	700	150
Jul-Jun Imports	40	700	150
Jul-Jun Imports from U.S.	0	50	0
TOTAL SUPPLY	7507	6457	7050
Total Mkt. Yr. Exports	600	150	500
Jul-Jun Exports	600	150	700
Feed Dom. Consumption	1350	1700	2000
Total Dom. Consumption	5450	5407	5500
Ending Stocks	1457	900	1050
TOTAL DISTRIBUTION	7507	6457	7050

PSD			
Country	Romania		
Commodity	Barley		
	Revised	Preliminary	Forecast
Market Year Begin	07/2001	07/2002	07/2003
Area Harvested	316	296	230
Beginning Stocks	0	20	25
Production	1055	660	805
Total Market Year Imports	50	120	70
Imports from U.S.	0	0	0
TOTAL SUPPLY	1105	800	900
Total Mkt. Yr. Exports	380	55	200
Feed Dom. Consumption	500	515	500
Total Dom. Consumption	705	720	680
Ending Stocks	20	25	20
TOTAL DISTRIBUTION	1105	800	900